

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.	Application 00-11-038 (Filed November 16, 2000)
Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)	Application 00-11-056 (Filed November 22, 2000)
Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.	Application 00-10-028 (Filed October 17, 2000) Bond Charge Phase

**ADMINISTRATIVE LAW JUDGE'S RULING
POSING ADDITIONAL QUESTIONS FOR BRIEFING**

On July 23, 2002, in preparation for evidentiary hearings, Administrative Law Judge Timothy Sullivan presided over a prehearing conference (PHC) to address procedural issues and to clarify the scope of the upcoming hearings. At the PHC, ALJ Sullivan cited Conclusion of Law 63 in Decision 02-02-051 which states:

“63. After adoption of this decision, all that remains to be determined in order to fix the initial Bond Charges is the total amount of Bond-Related Costs and how those costs shall be allocated among service territories and customer classes. This determination may include a decision about whether Bond Charges should be based on the amount of power sold by ESPs, but absent

such a decision that has become final and unappealable, ESP power will not be included in the determination of Bond Charges.”¹

The discussion at the PHC explored the implications of this provision for the management of the proceeding, and the discussion determined that a single set of hearings and a single decision was practical.

Discussions with the Assigned Commissioner’s office have identified several questions of interest to the Commission that parties should address in their briefs. These include:

1. If the Commission elects to hold Direct Access or other non-bundled customers responsible for bond costs, ought the ultimate amount that these customers pay depend on when the Commission decision (in Rulemaking (R.) 02-01-011) determining this policy becomes final (assuming that it is sustained through appellate review)?
2. If the Commission determines that the ultimate amount that Direct Access customers should pay should not depend upon the date that a policy holding them responsible becomes final, what ratemaking treatment would best ensure such an outcome?
3. Following up on the hypothetical described in Question 2, what regulatory accounting technique (e.g., balancing accounts) would best achieve that desired result? How should the amounts that direct access customers had not previously paid be amortized to avoid the risk of rate shock? Please describe these regulatory accounting techniques in detail.

¹ D.02-02-051, *mimeo.*, p. 90, (2002 Cal. PUC LEXIS 170, *171) cited in PHC 10, TR 404:11-28. The ultimate source of this language is the Rate Agreement by and Between State of California Department of Water Resources and State of California, Public Utilities Commission, Section 4-3, which is Appendix C to D.02-02-051 and may be found at 2002 Cal. PUC LEXIS 170, *196.

Finally, we note that because of the accelerated timetable in this procedure, it will only be possible for parties to address these questions in their reply briefs.

IT IS RULED that parties may discuss the questions posed above in their reply briefs due (August 16) in this proceeding.

Dated August 8, 2002, at San Francisco, California.

/s/ TIMOTHY J. SULLIVAN

Timothy J. Sullivan
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Posing Additional Questions for Briefing on all parties of record in this proceeding or their attorneys of record.

Dated August 8, 2002, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.